

Message Text

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INFO OCT-01 EUR-12 EA-10 ISO-00 DOE-15 SIG-03 SOE-02
AID-05 CEA-01 CIAE-00 COME-00 DODE-00 H-01 INR-10
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FM SECSTATE WASHDC
TO AMEMBASSY ATHENS
AMEMBASSY PARIS
AMEMBASSY BONN
AMEMBASSY ROME
AMEMBASSY BERN
AMEMBASSY STOCKHOLM
AMEMBASSY COPENHAGEN
AMEMBASSY DUBLIN
AMEMBASSY LUXEMBOURG
AMEMBASSY LONDON
AMEMBASSY THE HAGUE
AMEMBASSY BRUSSELS
AMEMBASSY OTTAWA
AMEMBASSY TOKYO
AMEMBASSY VIENNA
AMEMBASSY MADRID
AMEMBASSY ANKARA
AMEMBASSY WELLINGTON
AMEMBASSY OSLO

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USOEC, BRUSSELS ALSO FOR USEEC

E.O. 11652: N/A

TAGS: ENRG, IEA

SUBJECT: ENERGY: IEA/SLT MEETING OF MARCH 15-16

1) THE INTERNATIONAL ENERGY AGENCY (IEA) HELD ITS MINISTERIAL MEETING ON OCTOBER 5-6. AT THIS MEETING, MEMBER GOVERNMENTS AGREED THAT THE PROSPECTIVE OIL DEMAND/SUPPLY SITUATION BY THE 1980'S IS UNACCEPTABLE AND THAT ENERGY POLICIES MUST BE REINFORCED COLLECTIVELY TO AVOID SUCH A CRISIS. MEMBER GOVERNMENTS AGREED:

-- TO HOLD OIL IMPORT DEMAND TO NOT MORE THAN 26 MILLION BARRELS A DAY BY 1985;

-- TO REINFORCE THEIR ENERGY POLICIES AND PROGRAMS BY ENDORSING CERTAIN PRINCIPLES AIMED AT THE ELIMINATION OF WASTEFUL USE OF ENERGY, GREATER COAL UTILIZATION, EXPANSION OF NUCLEAR POWER WITH APPROPRIATE CONTROLS, AND INCREASED ENERGY RESEARCH AND DEVELOPMENT;

-- TO REVIEW THE GROUP OBJECTIVES ANNUALLY AND THE CONTRIBUTION OF EACH COUNTRY TOWARDS ACHIEVING THEM.

2) THE STANDING GROUP ON LONG-TERM COOPERATION (SLT) OF THE IEA HAS JUST COMPLETED ITS FIRST REVIEW OF MEMBER COUNTRY ENERGY PROGRAMS AND POLICIES SINCE THE MINISTERIAL DECISION. AT ITS MARCH 15-16 MEETING, THE LIMITED OFFICIAL USE

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SLT APPROVED AND SENT TO THE GOVERNING BOARD A REPORT SUMMARIZING THE RESULTS OF THE COUNTRY REVIEWS. THIS REPORT WILL BE CONSIDERED BY THE GOVERNING BOARD MEETING IN TOKYO ON APRIL 12-13. MAIN FINDINGS ARE AS FOLLOWS:

-- MEMBER COUNTRIES' SUBMISSIONS OF ENERGY SUPPLY/ DEMAND BALANCES RESULT IN A PROJECTED LEVEL OF IEA DEPENDENCE ON IMPORTED OIL OF APPROXIMATELY 29.2 MILLION BARRELS A DAY (MMB/D) BY 1985;

-- THIS PROJECTED DEPENDENCE ON IMPORTED OIL, IN THE ABSENCE OF REINFORCEMENT OF MEMBER COUNTRIES' POLICIES, COULD BE HIGHER AND AMOUNT TO AS MUCH AS 31 TO 35 MMB/D BY 1985;

-- ESTIMATED NET OIL DEMAND FOR THE REST OF THE WORLD INCLUDING BUNKERS COULD ADD UP TO 11 TO 13 MMB/D, BRINGING POSSIBLE TOTAL DEMAND FOR OPEC OIL TO 42-48 MMB/D;

-- PROJECTED OPEC PRODUCTION BY 1985, TAKING INTO ACCOUNT INSTALLED OIL PRODUCTION CAPACITY AND MAXIMUM SUSTAINABLE SUPPLY, AS WELL AS ECONOMIC AND OTHER

CONSIDERATIONS, WAS ESTIMATED TO BE ON THE ORDER OF
36 TO 38 MMB/D IMPLYING A NOTIONAL "DEMAND GAP" OF SOME
4 TO 12 MMB/D;

-- THIS NOTIONAL "GAP" IMPLIES THAT THERE WOULD BE
STRONG UPWARD PRESSURE ON THE REAL PRICE OF IMPORTED
OIL IN ORDER TO ACHIEVE THE BALANCE OF DEMAND WITH
FORTHCOMING SUPPLY.

-- VIGOROUS PURSUIT OF CURRENT AND CONTEMPLATED ENERGY
POLICY MEASURES COULD REDUCE IEA IMPORT REQUIREMENTS
TO OR BELOW THE 26 MMB/D OBJECTIVE. ESPECIALLY
IMPORTANT IN ACHIEVEMENT OF THIS OBJECTIVE IS PROMPT
ENACTMENT OF COMPREHENSIVE ENERGY LEGISLATION IN
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SEVERAL COUNTRIES, PARTICULARLY THE UNITED STATES.
OTHER MAJOR ELEMENTS INCLUDE STRONGER CONSERVATION
EFFORTS, NO FURTHER SLIPPAGE ON NUCLEAR POWER DEVELOP-
MENT, DISPLACEMENT OF OIL IN POWER GENERATION, AND
INCREASED UTILIZATION OF STEAM COAL AND NATURAL GAS.

3) OTHER SECTORS TREATED IN THE REPORT INCLUDED:

A) PROGRESS IN ATTAINING OIL IMPORT OBJECTIVES,

B) ENERGY CONSERVATION, C) ENERGY SUPPLY, D) ADEQUACY
OF EFFORTS, E) PROGRESS ON IMPLEMENTING GENERAL
PRINCIPLES OF ENERGY POLICY, F) REVIEW OF LONG-TERM
OIL MARKET PROJECTIONS, G) THE COUNTRY REVIEW PROCESS,
AND H) A STATISTICAL BACKGROUND.

THE REPORTS ON INDIVIDUAL MEMBER COUNTRIES' ENERGY
PROGRAMS AND POLICIES WERE ALSO SENT TO
THE GOVERNING BOARD. THE SLT
CLEARLY FAVORED PUBLICATION OF THE OVERALL REPORT AND
MANY DELEGATES SUGGESTED PUBLISHING INDIVIDUAL COUNTRY
REPORTS. SUCH DECISIONS WILL BE MADE BY THE GOVERNING
BOARD MEETING IN TOKYO ON APRIL 12-13. WHETHER
PUBLISHED OR NOT, THE OVERALL REPORT WHEN AVAILABLE
WILL BE SENT TO MISSIONS FOR BACKGROUND INFORMATION.

4) IN OTHER ACTIVITY, THE SLT REVIEWED A COAL PAPER
PREPARED BY THE SECRETARIAT, REVIEWED AND COMMENTED
ON THE COUNTRY REPORT ON TURKEY, RECEIVED AN ORAL
REPORT ON THE R&D REVIEW, APPROVED A REPORT OF THE
NUCLEAR SUBGROUP ON THE FIRST MEETING TO CARRY OUT
ITS WORK PROGRAM, AND DISCUSSED PROCEDURES FOR NEXT
YEAR'S REVIEW. VANCE

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